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SUBMISSION TO THE
ROYAL COMMISSION ON COAL (1959)
by
CANADIAN COLLIERIES RESOURCES LIMITED



SUBMISSION

to


THE HON. MR. JUSTICE I.C. RAND

COMMISSIONER

THE ROYAL COMMISSION ON COAL (1959)

Victoria, B.C.

April 19th, 1960.



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I HISTORICAL REVIEW

Coal was produced in commercial quantities on Vancouver Island at the beginning of the last half of the nineteenth century. The industry prospered mainly under the Dunsmuir family for the remainder of that century and for the first ten years or so of the present one. Coal-mining initially centred around Nanaimo. The Comox coal-field, lying approximately 70 miles to the north of Nanaimo, was developed during the last quarter of the nineteenth century.

Canadian Collieries Dunsmuir Limited was created in 1910 to acquire from the late James Dunsmuir and his Wellington Colliery Company the coal-mining rights under the Esquimalt and Nanaimo Railway Land Grant on Vancouver Island, an area of approximately 1,850,000 acres stretching from just north of Victoria to the 51st parallel at Campbell River (Appendix 'A').

The discovery, followed by the development, of the Californian oil-fields around 1913 brought the first serious competition to this then prosperous and developing coal industry. The main market for coal, San Francisco, was quickly eliminated, with inroads being made additionally into the bunker and local trade. Increased consumption resulting from the natural growth of population and industry offset the inroads made in other directions, but with Vancouver and the Pacific North-West area generally becoming the dumping ground for surplus oil, the price of coal was forced down and kept down to unremunerative levels to remain competitive. In 1920 the Company defaulted on its bonds and a financial reorganization involving a capital reduction was enforced. The difficulties experienced by Canadian Collieries were general to other smaller companies operating on Vancouver Island, and progressively over the years these companies ceased operating. In 1928 Canadian Collieries purchased the Western Fuel Corporation, becoming thereby the dominant producer on Vancouver Island.

The depression years of the "30's" brought increasing difficulties to the coal industry resulting from over-production of oil both in the United States and in the oil producing countries of South America.

1. HISTORICAL REVIEW

There was provided an organized committee on Vancouver Island

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A protective tariff was imposed on gasoline which, at the time of the outbreak of the Second World War, amounted to $2\frac{1}{2}$ ¢ per gallon, and a further protection by way of a dump duty was levied bringing the total protective duty to around 6¢ per gallon. It had been constantly argued before governments that the oil companies were in a very favourable competitive position in that they were able to so regulate the price of fuel oil as to be constantly under the equivalent price of coal by making compensating adjustments in the price of gasoline, wherein they had a monopoly.

During the war the production and distribution of fuel over the whole country came under rigid government control. Similar controls were applied in the United States on that country's entry into the war, resulting in protective tariffs and dumping duties becoming redundant, and they were rescinded.

The war years brought about a tremendous demand for fuel in general, particularly oil. It could be stated that the fuel most readily available and easily transported to the point of consumption was the fuel directed to be used, and in consequence of this the coal-mining industry experienced a considerable, even if partly artificial, revival both domestically, commercially and industrially.

In 1941 the Company acquired the assets of the McLeod River Hard Coal Company Limited at Mercoal, Alberta, with a view to its products replacing within a few years the expected lower production in the Nanaimo coal-field due to diminishing reserves of readily mineable domestic coal. By this acquisition the Company also extended its operations into the domestic and space heating markets of the Prairie Provinces and into Northern Ontario.

Though out of chronological order it is appropriate to record here that, in 1953, the Company accepted an offer by the Foothills Collieries Limited to purchase the Foothills Mine properties and to assume its leases some 20 miles to the south of Mercoal. This mine produced identical coal from the same seam as that mined at Mercoal, serving the same markets. This purchase resulted in operating advantages to the Company, the elimination of intra-coalfield competition, and the better servicing of customers during periods of peak demands in mid-winter.

As the war progressed controls tended to increase, accompanied by direct Government subsidies to ensure continued development for maintenance of production of coal. In order to ensure as soon as possible a return to peace-time conditions in the coal industry, the Government set up a Commission under Mr. Justice W.F. Carroll to "enquire into and report upon the problems of and matters pertaining to the coal industry in Canada, having regard, generally, to pre-war, present and anticipated post-war conditions and the probable future developments of Canada".

In its submission to the Commissioners Canadian Collieries Dunsmuir Limited laid heavy emphasis on the perils to the coal industry in Western Canada in general, and to the industry on Vancouver Island in particular, if foreign oil were allowed to be imported into Canada without restriction by way of tariffs or other means when peace-time trading conditions were resumed and war-time subsidies cancelled. In the Commission's majority recommendations the Chairman and Commissioner C.C. McLaurin made only slight reference to the widely varying problems of the coal-mining industry across Canada. They recommended the discontinuance of subsidies, the retention of the existing tariff on imported coal, and that aid, in the future, be given to the industry through transportation subventions. While the main report made reference to the threat from importations of foreign oil on both coasts, it is significant that the Chairman and Commissioner McLaurin ignored this threat in their recommendations. In his minority report Commissioner A.J. Morrison separated the coal-mining industry in Canada into five sections, and recognized the threat of oil to the industry on Vancouver Island in his paragraph on that coal-field. He also appears to have recognized the limited benefits which would accrue to this coastal coal-mining industry through transportation subventions. The following is a copy of his recommendation on Vancouver Island:

"Production of the Vancouver Island fields has declined steadily for the past twenty years. The major factor in decline of demand for Vancouver Island coals has been competition offered by oil, which has won former export markets and entered into the home market, both in industrial and domestic consumption. Bunkerage demands have largely fallen off due to the same competition.

It must be recognized also however that the problems of the Vancouver Island fields are to a considerable measure production

problems. Mining conditions are more difficult than in any other part of Canada. The exhaustion of the most favourable seams and areas has increased their engineering problems, and inevitably increased their costs.

Dominion Government assistance already extended to Vancouver Island mines includes production subsidies, subsidies on coal delivered for ships' bunkering, and subsidies designed to promote the use of Vancouver Island coals in coke production.

To the extent to which it might be decided as a matter of national policy that production from Vancouver Island fields should be maintained, it would appear that there is little remedy that can be found other than through continuation and extension of public assistance, either in the form of subsidies or protective policies designed to reduce competition offered by imported oil. It must be recognized however that the effectiveness of such policies would be limited in that it is outside the power of the Canadian Government to restore the export and bunkering markets for coal which formerly existed.

It must be remembered that the Vancouver Island coal-field played a very important part in the war emergency, and that it still is the only coal-field on the Pacific coast that has available facilities and supplies for taking care of Pacific demands. From the standpoint of security in a national emergency, Vancouver Island has assumed a new importance; during the war years excellent bunkering facilities were provided, not only for the handling of their own product but also for the shipment of coal brought in from the mountain regions of Alberta and British Columbia."

(Report of the Royal Commission on Coal, 1946 Page 589).

Looking back now it would appear that this Commission sat 18 months to 2 years too soon for not long after the publication of their report oil was discovered in quantities in the Leduc oil-field, followed quickly by the discovery of other oil-fields in Alberta, accompanied by large increases in reserves of natural gas. The next decade witnessed the rapid displacement of coal by Canadian oil and natural gas in many of its long established markets, with no developing outlets to replace these losses. Thus, provisions made by the Government in 1946 for the welfare and orderly conduct of the industry in the post-war period quickly proved inadequate to meet the conditions which so rapidly developed after the discovery of oil at Leduc.

II COAL PROPERTIES AND COAL RESERVES

PROPERTIES

VANCOUVER ISLAND

In addition to its coal-mining rights under the Esquimalt and Nanaimo Railway Land Grant, acquired from the Dunsmuir family, the Company also acquired extensive areas of crown granted lands mainly through its purchase of the Western Fuel Corporation.

The following tabulation summarizes these properties:

(see map attached).

1. Comox Area	665,000 acres
2. T'Sable River to Nanoose	335,000 "
3. Alberni Area	162,000 "
4. Nanaimo-Wellington Area	494,000 "
5. Gulf Islands and outlying areas	<u>1,011,000 "</u>
	<u>2,687,000 acres</u>

ALBERTA

During the period of operating the Company's two mines in Alberta some 3,500 acres of coal leases were held at the McLeod River mine and some 2,000 acres at the Foothills mine. These leases were 'open' on the flanks and to depth. Following the closures of these two mines all leases underlain by coal recoverable only by underground mining methods are being surrendered as they fall due for renewal with the exception of 760 acres of coal lands at Foothills where the deposit of coal is at shallow depth suitable for strip mining. The leases covering this anomaly are being retained.

RESERVES

VANCOUVER ISLAND

Insufficient prospecting and drilling has been done in the undeveloped coal-fields within the Land Grant or elsewhere to enable accurate assessment of coal reserves to be made. The last survey of reserves was made in 1945 and is recorded as "having been prepared by Dr. B. R. Mackay for the Royal Commission on Coal, September, 1946". (Appendix A of the Commission's Report, Page 639). The estimate

indicated total reserves of almost 350,000,000 tons, of which 50% could be considered recoverable and included all coal seams 2 ft. or more in thickness, up to a maximum depth of 2,000 ft. At that time a seam 2 ft. 3 ins. in thickness was being worked in the Nanaimo area, giving a big percentage of high grade domestic lump coal and having a ready market, particularly in Seattle. The Seattle market was eliminated some years ago by the arrival of natural gas from the south. With the lump coal market elsewhere declining steadily and continuously there seems to be little justification now for including thin seams at depth in assessments of recoverable coal reserves under present known mining methods. Reserves submitted in the table hereunder, are based on Dr. Mackay's survey, with additions and deletions resulting from a moderate amount of diamond drilling during the intervening years, and with the eliminations of seams below 3 ft. in thickness. Deductions have also been made for reserves lost through mine closures and for production in the intervening years up to December 31st, 1939.

Coal Reserves - Vancouver Island

	<u>Actual & Probable</u>	<u>Possible</u>	<u>Total</u>
1. Comox Area	3,700,000	120,000,000	123,700,000
2. T'Sable River, Nanoose	7,750,000	38,000,000	45,750,000
3. Alberni	Insufficient data. No prospecting nor correlation work done.		
4. Nanaimo, Wellington, Gulf Islands and outlying areas.	Nil	26,000,000	26,000,000
TOTAL	<u>11,450,000</u>	<u>184,000,000</u>	<u>195,450,000</u>

It will be seen that total reserves of coal within the Land Grant are today estimated at close to 200,000,000 tons. Using a 50% recoverable ratio, mineable coal reserves can be estimated at 100,000,000 tons.

ALBERTA

Coal leases in Alberta are mainly held from the Provincial Government, and tonnages of coal held by individual companies probably have little relation to reserves of coal in any coalfield in that Province. Suffice it to say then that the Company held leases at one time from the Provincial Government of Alberta estimated at 80/90,000,000 tons of coal at their McLeod River Hard Coal and Foothills mines in the Coal Branch area.

The area of 760 acres referred to in the previous section as being retained for a strip mine operation, is estimated to be underlain by 10,000,000 tons of coal.

Thus, adequate reserves are available to this Company in both Provinces for resumption of mining operations should a revival in the long term demand for coal develop.

III PRODUCTION

The tables below record production of coal from the Company's Vancouver Island and Alberta mines:

Nanaimo Area and Comox Area Mines, Vancouver Island.

<u>Year</u>	<u>Nanaimo</u>	<u>Comox</u>	<u>Total Vancouver Island</u>
1949	315,966	287,327	603,293
1950	259,587	315,641	575,228
1951	205,519	334,628	540,147
1952	93,958	309,475	403,433
1953	80,384	184,168	264,552
1954	3,831	200,666	204,497
1955	5,415	204,369	209,784
1956	5,266	195,081	200,347
1957	4,763	195,442	200,205
1958	3,938	178,366	182,304
1958	3,241	146,225	149,466

McLeod River Hard Coal and Foothills Mines, Alberta.

<u>Year</u>	<u>McLeod River Hard Coal</u>	<u>Foothills</u>	<u>Total</u>
1949	307,786		307,786
1950	297,845		297,845
1951	257,958		257,958
1952	258,574		258,574
1953	214,302	75,426	289,728
1954	249,077	118,558	367,635
1955	236,333	100,777	337,110
1956	259,003	104,871	363,874
1957	233,804	73,509	307,313
1958	217,814	11,021**	228,035
1959	138,751*		138,751

* Mine closed
July, 1959.

** Mine closed
February, 1958.

The foregoing tabulations would indicate that from 1949 to 1959 the Vancouver Island mines had lost 75% of their markets compared with an apparent 33-1/3% loss by the Alberta mines. It must be realized, however, that during this period the Company's Alberta operations were absorbing some of the markets available to the Nanaimo mines had reserves in the Nanaimo mines enabled them to remain in production. It will be noted that during the decade 1949/59 production from the Comox area decreased by very nearly 50%. Disregarding the influence of the Foothills mine on the total annual production from the Company's Alberta operations, the tabulation indicates a less rapid decline in its Alberta production over the same period. It should be pointed out, however, that in addition to benefiting from transfer to McLeod River wherever possible of Nanaimo coal outlets within the Company's control, the McLeod River mine, in common with all other operating domestic mines in Alberta, had their actual losses hidden and retarded by outlets made available to them from other mines closing down over the period. In broad terms, therefore, it may be deduced that the rate of decline of markets has been uniform over Western Canada irrespective of type of coal produced and geographical location of mine. No doubt group or provincial production figures will more clearly demonstrate the above deduction.

IV COAL MARKETS AND THEIR DECLINE

VANCOUVER ISLAND

The differing characteristics of the Nanaimo and Comox coal-fields enabled a very wide range of coals to be produced or designed to service the fuel needs of industry and population throughout British Columbia and into the State of Washington. The Wellington Seam in the Nanaimo coal-field produced a hard high-grade domestic coal, and the Douglas Seam in the same coal-field produced a high volatile free burning industrial grade of coal. The seams mined in the Comox Coal-field produced a medium volatile coking coal. Thus, by separate use or by blending, a very wide range of fuels could be marketed.

The principle outlets for Vancouver Island coals in the immediate post-war period were:-

- (1) Ships' bunkers
- (2) Railways
- (3) Export
- (4) Gas coal
- (5) Industrial
- (6) Cement kiln fuel
- (7) Institutional and Domestic

Brief comments on the above outlets:

- (1) It was recognized that as soon as new post-war built vessels came into service in adequate numbers all the remaining coal-burning ships would be scrapped. Coal is not competitive as a ship's fuel.
- (2) There were prospects of coal-burning locomotives being used for many years to come in spite of a swing to oil-fired locomotives, but following the production and the availability of heavy gravity oil in Alberta, big dieselisation programmes were started by the railways. The knell of the steam railroad locomotive, whether oil or coal fired, was at hand. Today there is not a steam railroad locomotive west of the Rockies, if, indeed, there is one in Western Canada.
- (3) During the post-war build-up of Japanese industry and mineral production, intermittent cargoes of Comox coking coal were shipped to Japan to fill shortages as they appeared. This irregular outlet for Comox coal came to an end in 1953 when the Japanese internal supply

became stabilised. Unfortunately Comox coal is almost identical in analysis with Japanese coking coal, and imports into that country since 1953 have been for blending purposes to develop required characteristics, and for up-grading for which purposes Comox coal was reported to be unsuitable

(4) As natural gas becomes available in cities and in rural districts through development of nearby gas-fields, or by pipeline transmission, it almost automatically replaces manufactured coal gas due to elimination of manufacturing costs and to it having double the heat content. The large gas coal market in Vancouver was lost to the coal industry with the arrival of natural gas in 1956.

(5) Coal for industrial purposes has been able to retain a share of the industrial market in competition with the newer fossil fuels where industry is located on or within short distances of the mines and transportation costs have been low. Elsewhere in Canada Canadian coal has been kept competitive by means of rail freight subventions. Coal moving within and into British Columbia has never been eligible for freight subventions. Its use as an industrial fuel ceased in 1952.

(6) For very many years the B.C. Cement Company have burnt Vancouver Island coals (Nanaimo and Comox) exclusively. This Company has consumed up to 100,000 tons per year. In the last few years cement kiln fuel has been the only outlet for slack coal for the Vancouver Island mines. Two expansion programmes by the Cement Company in the past decade have created a potential big increased demand for slack coal in complete reversal to the diminishing supply of that grade due to falling demand for higher quality and higher priced grades elsewhere. Thus, owing to uncertainty of regular supply, we are witnessing the loss of a major consumer of coal through an unadjustable imbalance of demand for the normal products of the mine. The resulting non-renewal of the Company's contract with the Cement Company expiring in May 1960, has brought about the current conversion programme of the latter Company to oil in lieu of coal.

(7) Coal continues to be used as a space heating fuel to a limited and diminishing extent in British Columbia. Fuel oil made considerable inroads into coal-burning installations in the first half of the last decade,

at which time some equilibrium between coal and oil seemed to have been established, but it was realised and feared that a number of consumers were probably only awaiting the arrival of natural gas to ascertain firm contract terms in order to decide on which fuel to modernise their heating plants. This premonition has proved correct. Gas was offered at attractive, and very probably at unremunerative terms to build up volume sales. Within another two years it is likely that only Government controlled buildings will be using coal for space heating. Pressure by management and labour and other extraneous considerations have forced governments to retain coal as heating fuel to a much greater extent than private or semi-public companies and institutions such as hotels, hospitals and universities, though all too many conversions have been made despite these protests. It could well be stated here that the Provincial Government of British Columbia have retained a higher proportion of their buildings on coal in the lower B.C. mainland area and on Vancouver Island than has the Federal Government.

The domestic market and the fuel chosen by householders follow no law of economics. Convenience is the general over-riding consideration. Coal is still the cheapest fuel to burn and so it is predominantly burnt in the lower income bracket homes in the big cities, and by a few who have a favourable prejudice for what they claim is the more uniform heat provided by coal burning in open grate or in stoker grate furnaces compared with the intense burning and completely dead alternations of oil and probably natural gas in thermostatically controlled domestic furnaces. Government subventions and subsidies cannot alter public preferences for the more costly fuels having the advantage of convenience over coal.

ALBERTA

Coal from the Val d'Or seam mined at the Company's McLeod River and Foothills mines was a strong, rugged, high quality domestic free-burning coal, suitable also for steam raising. The coal also stored well in winter cold or summer heat, with little degradation. Except in the Prairie Provinces it was more than competitive with all other Canadian domestic coals as far east as the Ontario Quebec border in Northern Ontario, and

was the most popular domestic coal in British Columbia. The depredations of natural gas, from which there seems to be no reprieve, over the last three years in British Columbia and more recently in Winnipeg and Northern Ontario, have forced the closures of both these mines. There are no foreseeable alternative outlets for the products of these mines.

V CLOSING OF MINES, REDUCED EMPLOYMENT, EFFECT ON RECRUITMENT

A mine closed down can never be re-opened due to collapse of roadways, settlement of workings and flooding. There were 72 underground mines, producing more than 10,000 tons of coal each per annum, operating in Western Canada in 1949. By the end of 1959 half were closed down.

Labour is the highest single cost item per ton of coal produced in underground mines.

The closing of mines therefore results in the loss of very large tonnages of developed reserves of coal and the loss of large areas of unmined coal which must be left as safety barriers between the old abandoned workings and any workings in adjacent or new mines.

A more serious result still is the displacement and uprooting of miners and their families from established homes to communities elsewhere where alternative employment may be available. Many of the older miners are unsuited to adopt new ways of earning a living, tending to become a burden on their communities in general. Others in Alberta are able to take advantage of that Government's rehabilitation scheme for training displaced miners in new trades. This scheme, combined with the Government's grants to assist in moving families from areas of no employment to areas where employment is available, has proved immensely costly without considering the direct costs of unemployment pay, welfare grants and the indirect costs of reduced spending power.

It is not surprising therefore that a lack of confidence has been engendered in the industry, accompanied by a virtual cessation of recruitment. In the Universities in Western Canada there is not a single coal-mining student in the engineering classes. It is believed that this

is true of all Canada. For the last seven years the writer and Professor L.G. Crouch, U.B.C., have been joint members of a committee of the C.I.M.M. for judging student essays on coal-mining. There have been none to judge.

An industry which has no recruitment of younger people possessing technical or production skills into its ranks is confronted with a very grave threat to its existence and continuity. Confidence in the future of the industry must be restored before young people can be induced to take up coal-mining as a career. Without confidence there will be no recruitment.

VI WAGES AND TRANSPORTATION

While wages are the largest single cost item in underground coal-mines, they are a comparatively small item in the production costs of oil and gas. The price of coal is, therefore, more sensitive to wage changes than the price of other fuels. Long term contracts based on stable mine prices cannot be made. Oil companies, and more particularly, natural gas companies, are in a very advantageous position with their ability to give long term contracts with stable prices, or at least, prices with comparatively minor fluctuations.

Companies producing energy in competition with coal, such as oil, natural gas and electricity, almost without exception control their own transportation or transmission systems. Coal, being a bulk commodity, is tied to the railroads for all but short distance hauls. The industry has little, if any, effectual say in the freight charges it has to bear. This is another factor precluding long term contracts where rail hauls are involved. Many cases can be quoted where freight charges form more than 50% of the consumers' delivered cost of coal.

VII SUBVENTIONS

As soon as coal is moved any distance from the source of production transportation charges quickly raise the cost vis-a-vis

competing fuels to a point where coal becomes uncompetitive. The unfortunate location of the Canadian coal-fields, generally well over 1,000 miles from larger industrial centres, forced the Government many years ago to help the industry by way of rail subventions to meet competition from foreign imports. Subventions were designed for Western Canada to make its coal competitive mainly in Ontario and for Maritime coal in Quebec.

In order to stimulate the export of coal the Federal Government also offered direct subventions to producing companies up to \$2.50 per ton. The failure of the industry to develop any significant export trade was an indication of the inadequacy of this subvention. This situation changed approximately two years ago when, as a result of the upsurge of Japanese industrial production, and, in particular, as a result of a shortage of suitable coking coal for that country's expanding steel industry, an opportunity came to develop an export trade with Japan. In order to acquire this export business the Federal Government was compelled in 1958 to increase the export subvention to \$4.50 per net ton. The following comments are probably appropriate and relevant to this paragraph:

(1) It would appear from published statistics that the indirect assistance to the underground mines by way of railroad subventions to points east of Winnipeg, and the export subvention, are generally in excess of the labour cost involved in producing the coal eligible for these subventions.

(2) It must be recognised that the underground coal-mines are increasingly dependent on subventions to maintain the necessary volume of production to remain operating and to provide labour with an adequate annual wage.

(3) It can be inferred from Dominion Government annual reports that, in all likelihood, the Canadian coal industry would lose up to 25% of its current production if subventions were withdrawn. The figures for 1959, when published, could well show a higher percentage in view of additional conversions to natural gas within the country and increased

tonnages exported to Japan.

In contradiction to apparent generosity of the Government in providing subventions there is an apparent lack of assistance to the industry of Western Canada, at least within the immediate home territory of its producing mines. It must be admitted that the capital cost of heating installations in new buildings is lower with oil and gas burning equipment than with coal burning equipment, but the conversion of even comparatively modern heating plants from cheap coal requiring no Government subventions to oil or gas burning plants is difficult for the managements of coal-mining companies to understand. It would appear that the Government is assisting the coal industry by costly subventions on the one hand, and approving conversion schemes which do a great deal of damage to the industry within its own territories, on the other hand. What is being gained by subventions is being largely lost by conversions.

VIII CONCLUSION AND SUGGESTED CORRECTIVE MEASURES TO AID AND RE-ESTABLISH THE INDUSTRY

If it is recognised that a country's industrial power and military strength are dependent on its heavy industries, particularly steel, which in turn requires the backing up of adequate reserves and productive capacity of coal, then a coal industry in a reasonable state of well-being is a minimum requirement. It is a weakness in Canada's industrial make-up that, except in the Maritimes, all her coke and coal requirements for steel making are dependent on United States coal, and a very high proportion of her industrial coal requirements in Ontario and Quebec are obtained from the U.S.A.

The many outlets for coal which have been lost during the post-war period to the newer fuels have been outlined in the preceding paragraphs. These are unlikely to be regained by coal. More will be lost in the coming years unless vigorous measures are taken to reverse the trend. It seems illogical, for example, for various Government

departments to authorise the conversion of coal-burning plants within the area of, or reasonably adjacent to coal-fields, while the Government through the Coal Board is paying out large amounts in subventions to provide and safeguard outlets in distant places and for distant countries.

Coal, to be an economic fuel, must be consumed at or near the point of production. It is an expensive commodity to transport compared with oil, natural gas and electric power, and if transported long distances requires outside assistance to remain competitive with other fuels.

The industry is now at the minimum production level to remain extant. It cannot retain what stability it has nor the confidence of its consumers if any more mines close down.

It is strongly recommended for immediate or near term action that:

- (1) The Federal Government maintain all current subventions at their present levels to retain existing markets, and make compensating adjustments in subventions for freight rate changes in the event of increases being imposed on the industry.
- (2) Conversions of existing coal-burning plants to other fuels be discontinued in all Federal buildings and establishments. Provincial Governments to be appealed to to act similarly with a special appeal to the Government of the coal producing provinces, emphasising their joint responsibilities in assisting the industry within their own provinces.
- (3) A percentage (at least one third) of all new buildings and establishments to be heated by coal. All new government buildings within the limits of operating coal-fields dependent on underground mines for their production also to have coal-burning equipment installed for heating. Provincial Governments to be requested to follow any such policy adopted by the Federal Government.

The foregoing recommendations can only be considered as short term measures to preserve the industry as it exists today. This period, probably lasting for several years, must be utilised to the full in

investigations for, and the establishment of, new outlets for coal as a fuel, or for its development and use as a raw material for industry.

Recommendations for the long term stable redevelopment of the coal industry are presented hereunder:

- (1) The greater use of coal as a fuel for power stations, with some restriction if necessary placed on the use of natural gas in the steam generating plants.
- (2) Direct Government help in the establishment of an integrated steel industry in Western Canada.
- (3) Research work to be directed or instituted into uses of coal for other purposes than as a fuel. Since the basic constituents of the fossil fuels are carbon and hydrogen, it would seem that coal could well be as good and efficient a raw material for the synthetic industry as oil; so also might its development parallel that of oil in the chemical field if research work were adequately directed to these ends.

Regard for cost and for the limits to the amount of money that can be reasonably appropriated for research work must shorten any list of suggestions for research work on coal and its uses.

Markets which have discarded coal as their fuel are not likely to revert. If the industry is to revive, or even survive, present outlets and present uses for coal must be retained and expanded at least in proportion to the expansion of the country's economy. If the industry is to prosper again and regain its standing and importance in the national economy, new uses and new markets must be found. Very few basic industries today can afford not to spend large sums of money annually on research into modernising their products, finding new uses for them, and in improving means of production. Governments, too spend large sums of money in furthering this work. The coal industry is no different from other basic industries, and it is in dire need of similar stimulants from research work to assist its re-establishment as a progressive, prosperous and expanding industry.

The Canadian Collieries, while operating mines in Alberta and

on the Pacific Coast, covered a wider field of operating conditions and a wider range of markets than any other western coal-mining company. The problems and difficulties which have been confronting the industry for the past decade, while varying in intensity as between one coal-field and another, are nevertheless common to every coal-field and to every operator. The industry cannot survive on any local basis restricted to a few mines serving a particular market. The industry must have as broad an operating basis as possible for stability, to retain the confidence of users of coal and to encourage recruitment of technical staff and man power to replace wastage. These requirements are inter-dependent.

Regard must be had, too, for the fact that the reserves of coal mineable by strip methods are very limited compared with the vast reserves of coal in Canada, extraction of which can only be accomplished by underground mining methods. These older and better quality coals lie at depths well beyond stripping limits. It is seriously advocated by this submission that provisions for the long term welfare of the industry must be directed towards the mining of the vast reserves of the deeper deposits of our higher quality coals.

Respectfully submitted on behalf of Canadian Collieries
Resources Limited.






A handwritten signature in dark ink, appearing to read "E. J. Simpson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Vice-President, Mining

Vancouver, B.C.

March, 1960.

CANADIAN COLLIERIES RESOURCES LTD.
 VANCOUVER ISLAND
 SHOWING
 E. & N. LAND GRANT BOUNDARIES
 AND
 ASSOCIATED AREAS
 OF
 COAL-BEARING FORMATIONS

- | | |
|----------------------------------|---|
| COMOX AREA — |  |
| TSABLE RIVER — NANOOSE AREA — |  |
| ALBERNI AREA — |  |
| NANAIMO - WELLINGTON AREA — |  |
| GULF ISLANDS AND OUTLYING AREA — |  |

SCALE: 1 INCH TO TWENTY MILES

1960

